

Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 AGR-05 SAB-01 ITC-01 SP-02

USIA-06 AID-05 NSC-05 CIEP-01 TRSE-00 SS-15 STR-04

OMB-01 CEA-01 COME-00 L-03 CIAE-00 INR-07 NSAE-00

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FM AMEMBASSY PANAMA

TO SECSTATE WASHDC PRIORITY 8969

INFO AMEMBASSY SAN JOSE

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SAN JOSE FOR AGATT

EO 11652: N/A

TAGS: EAGR, EPAP, ETRD, PN

SUBJECT: GOP REQUESTS INCREASE IN VRP ALLOCATION

1. EMBASSY HAS RECEIVED A DIRECT REQUEST FROM AGRICULTURE MINISTER PAREDES FOR AN INCREASE IN PANAMA'S ANNUAL ALLOCATION UNDER THE VOLUNTARY RESTRAINT PROGRAM (VRP) ON MEAT IMPORTS INTO THE US. THIS "EXTRAORDINARY" INCREASE TO 10 MILLION POUNDS ANNUALLY FOR THE PERIOD 1976-78 IS NECESSARY, ACCORDING TO THE MINISTER, TO DEAL WITH THE EFFECTS OF THE CONTINUING DROUGHT IN PANAMA'S CENTRAL PROVINCES, WHERE CATTLE MEN ARE BEING FORCED TO MARKET THEIR ANIMALS AT AN INCREASED RATE IN AN EFFORT TO EASE THE PRESSURE ON PARCHED PASTURE LANDS.

2. WE HAVE INDICATED TO PAREDES THAT WE ARE FORWARDING HIS REQUEST TO WASHINGTON WHERE IT WILL RECEIVE CAREFUL CONSIDERATION. MEANWHILE, THE EMBASSY WELCOMES THE INDICATION CONTAINED IN REFTEL# THAT A FINAL DECISION ON AUSTRALIAN MEAT SHIPPED BY PANAMA UNDER ITS VRP ALLOCATION IS IMMINENT. MINISTER PAREDES WAS ASSURED THAT

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ATION IS IMMINENT. MINISTER PAREDES WAS ASSURED THAT

USG WOULD PROVIDE A TIMELY RESOLUTION AS TO WHETHER THIS MEAN WOULD BE CHARGED TO PANAMA'S 1976 VRP ALLOCATION, AND THE INFORMATION WILL ASSIST THE GOP FOR PLANNING MEAT SHIPMENTS FOR THE BALANCE OF 1976.

3. EMBASSY HAS ALSO RECEIVED INFORMAL QUERIES FROM THE GOP AS TO THE AVAILABILITY OF THE WEEKLY US CUSTOMS STATISTICAL INFORMATION CONCERNING IMPORTS OF MEAT UNDER THE VRP FROM ALL SUPPLYING COUNTRIES. WE WOULD APPRECIATE RECEIVING THIS INFORMATION FOR DELIVERY TO THE GOP-- A MUTUAL EXCHANGE OF DATA WOULD FACILITATE OUR MONITORING OF PANAMANIAN MEAT SHIPMENTS TO THE US.

4. COMMENT: THE GOP'S PERCEPTION OF UNFAIR TREATMENT IN THE SELECTION OF BASE YEARS FOR EXISTING VRP ALLOCATION LEVELS WILL BE STRENGTHENED BY THE PRESSURES FROM PANAMANIAN CATTLE MEN TO PROVIDE ADDITIONAL EXPORT OUTLETS FOR THEIR CONTINUING PRODUCTION SURPLUSES. DROUGHT-INDUCED SLAUGHTER FURTHER COMPLICATES THIS DIFFICULT SITUATION. EARLIER INDICATIONS THAT PRICE INCREASES AND REDUCED SLAUGHTER LEVELS IN THE US MIGHT OBTAIN THE NEED FOR A VRP IN 1977 HAVE DISAPPEARED AS DOMESTIC CATTLE MEN, CAUGHT IN A SEVERE SQUEEZE BETWEEN HIGH OPERATING COSTS AND LOW BEEF PRICES, PRESS THE US DEPARTMENT OF AGRICULTURE TO TIGHTEN ITS CONTROLS ON MEAT IMPORTS INTO THE US. UNDER THESE CIRCUMSTANCES, THE PANAMANIAN'S OFTEN EXPRESSED HOPE THAT THEY WOULD BE ABLE TO ESCAPE THE 2.6 MILLION POUND STRANGLEHOLD IN 1977 THROUGH THE ABSENCE OF THE VRP APPEARS TO HAVE LITTLE CHANCE OF FULFILLMENT. THE EMBASSY FEELS THAT SOME ACCOMMODATION TO THE GOP'S REQUEST FOR SPECIAL CONSIDERATION ON MEAT EXPORTS TO THE US DURING 1976-78 WOULD GO FAR TOWARDS SOLIDIFYING BILATERAL RELATIONS WITH THE GOP ON A NUMBER OF AGRICULTURAL MATTERS, INCLUDING OUR JOINT FIGHT AGAINST THE SPREAD OF AFTOSA. FAILURE TO MOVE BEYOND A PAT RECITATION OF THE BASE YEAR FORMULA'S INVIOABILITY IN ESTABLISHING VRP ALLOCATION LEVELS WILL LARGELY DISSIPATE THE ATMOSPHERE OF GOOD FEELING THAT WAS ESTABLISHED DURING PAREDES' MAY MEETING WITH SECRETARY BUTZ.

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NOTE BY OC/T: #REFTEL OMITTED AS RECEIVED

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